
City Council Public Hearing

Regarding the FY2012 Proposed Budget

August 16, 2011
George A. Purefoy Municipal Center
6101 Frisco Square Blvd.
Council Chambers

Combined Budget Summary

<u>Fund Title</u>	<u>Estimated Beginning Balance</u>	<u>Revenues</u>	<u>Interfund Transfers In</u>	<u>Operating Expenses</u>	<u>Capital</u>	<u>Interfund Transfers Out</u>	<u>Estimated Ending Balance</u>
General Fund	\$ 23,908,258	\$ 83,091,057	\$ 733,740	\$ 81,662,603	\$ 1,795,146	\$ 328,791	\$ 23,946,515
Insurance Reserve Fund	1,459,173	-	-	-	-	-	1,459,173
Downtown Improvement Fund	89,436	87,100	-	46,137	58,000	-	72,399
Special Events Fund	76,286	106,000	-	86,000	-	-	96,286
Workforce Housing Fund	557,830	5,500	-	45,600	-	-	517,730
Public Arts Fund	255,419	600	38,026	38,626	-	-	255,419
Superdome Fund	1,690,302	9,000	100,000	80,004	-	-	1,719,298
TIRZ #1 Fund	2,902,270	23,315,123	2,812,156	10,060,860	-	16,065,686	2,903,003
Court Technology Fund	451,328	197,500	-	62,084	105,350	108,000	373,394
Traffic Control Enforcement	64,500	200,500	-	114,000	-	-	151,000
Hotel/Motel Tax Fund	121,051	3,114,351	-	1,427,785	-	1,466,804	340,813
Frisco Square MMD Fund	-	490,172	-	-	-	490,172	-
Panther Creek PID Fund	40,640	402,532	-	-	-	435,911	7,261
Grants Fund	-	3,947,525	52,475	2,201,063	1,798,937	-	-
CDBG Fund	-	396,472	-	396,472	-	-	-
Public Television Franchise Fund	480,867	351,869	-	-	199,000	-	633,736
Capital Projects Fund	2,688,429	-	23,290	-	-	40,000	2,671,719
Capital Reserve Fund	498,317	2,000	215,000	-	183,064	-	532,253
Thoroughfare Impact Fee Fund	9,383,887	-	-	-	-	1,000,000	8,383,887
Park Dedication Fee Fund	4,354,493	-	-	-	-	-	4,354,493
Debt Service Fund	3,285,999	26,217,949	22,205,186	48,419,930	-	-	3,289,204
Utility Fund	18,526,446	50,668,896	2,166,000	49,969,997	135,350	-	21,255,995
Utility Capital Projects Fund	3,873,960	-	-	-	-	-	3,873,960
Utility Impact Fee Fund	10,764,997	-	-	-	-	2,000,000	8,764,997
Stormwater Fund	342,400	1,617,500	-	1,028,431	362,317	145,000	424,152
Environmental Services Fund	3,805,193	10,095,681	-	9,479,922	-	606,740	3,814,211
Community Development Fund	7,953,399	12,022,372	-	712,500	-	4,915,388	14,347,883
Economic Development Fund	16,542,858	11,600,394	-	8,948,569	810,000	743,380	17,641,302
Charitable Foundation Fund	18,069	-	-	-	-	-	18,069
Totals	\$ 114,135,806	\$ 227,940,092	\$ 28,345,873	\$ 214,780,582	\$ 5,447,164	\$ 28,345,872	\$ 121,848,153

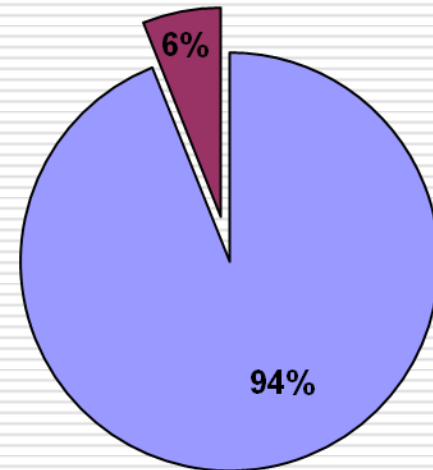
Certified Taxable Value

FY11 Total Assessed Value	\$13,660,904,974
Increased Value to Existing Properties	\$61,276,820
New Improvements	\$382,845,976
FY12 Total Assessed Value	\$14,105,027,770

Certified Taxable Value

Total Taxable Value	\$14,105,027,770
TIRZ Captured Value	\$907,471,729
Net Taxable Value	\$13,197,556,041

FY12 Net Value Minus TIRZ#1
\$13,197,556,041



■ FY12 Net Value ■ FY12 TIF Value

Property Tax Rates

Current M&O Rate = .261732

Debt Rate = .203268

Current Tax Rate = .465000

Proposed M&O Rate = .266494

Debt Rate = .198506

Proposed Tax Rate = .465000

Increase in M&O Rate: .004762

*\$1 million buy down of I&S rate using Thoroughfare Impact Fees and savings from the recent bond refunding

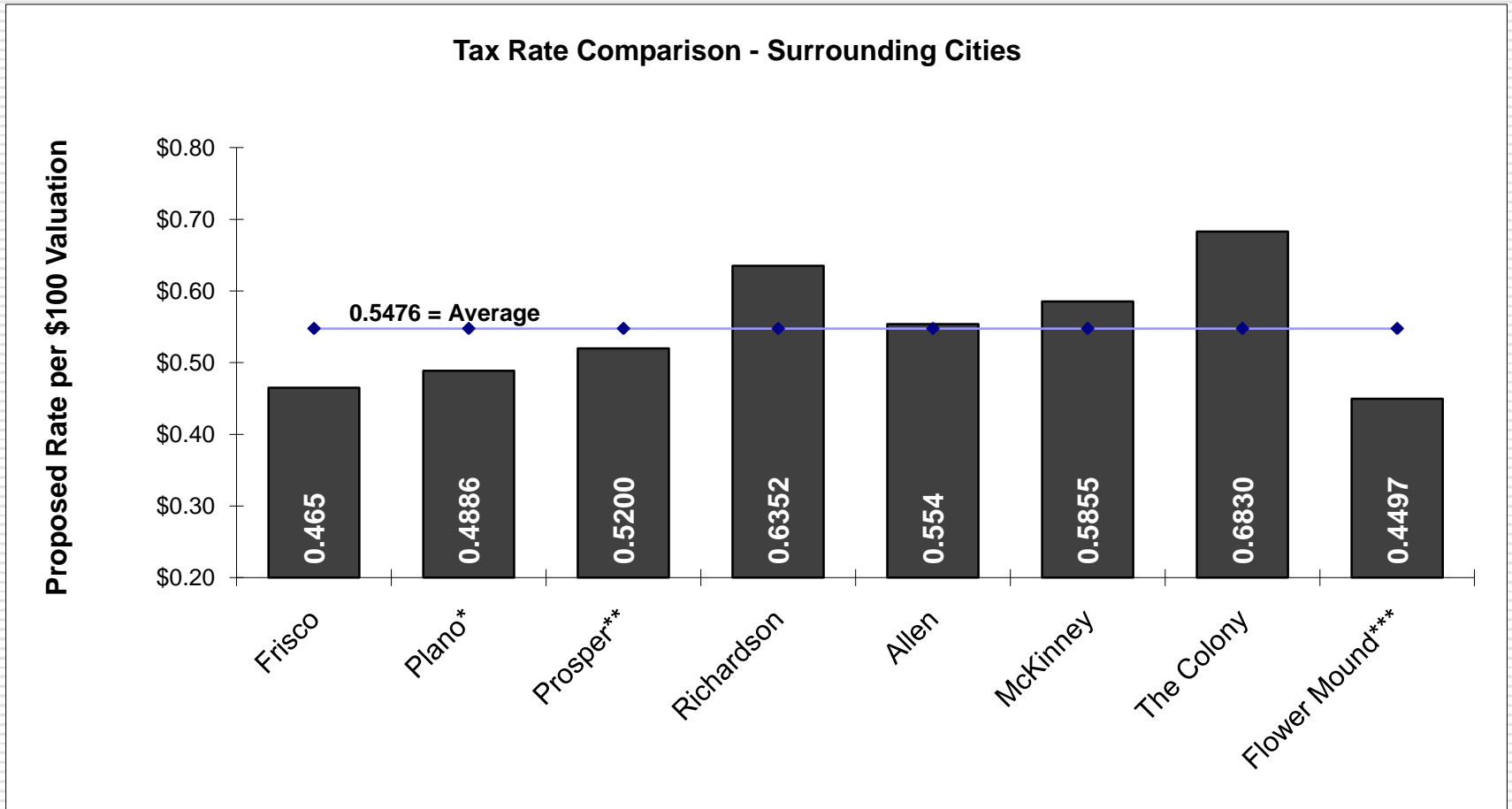
Proposed Tax Rate

- Effective Tax Rate is \$0.461910 and the rollback rate is \$0.479247.
 - Difference between ETR and Proposed Rate is \$0.00309.
 - This difference amounts to approximately \$407,000.
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Average Home Value

- ❑ 2011 Average Home Value was \$286,599
 - ❑ 2012 Average Home Value is \$288,978
 - ❑ This is an increase of 0.83%
 - ❑ Taxes on the 2011 average value at \$0.465 would be \$1,332
 - ❑ Taxes on the 2012 average value at \$0.465 would be \$1,344
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Tax Rate Comparison



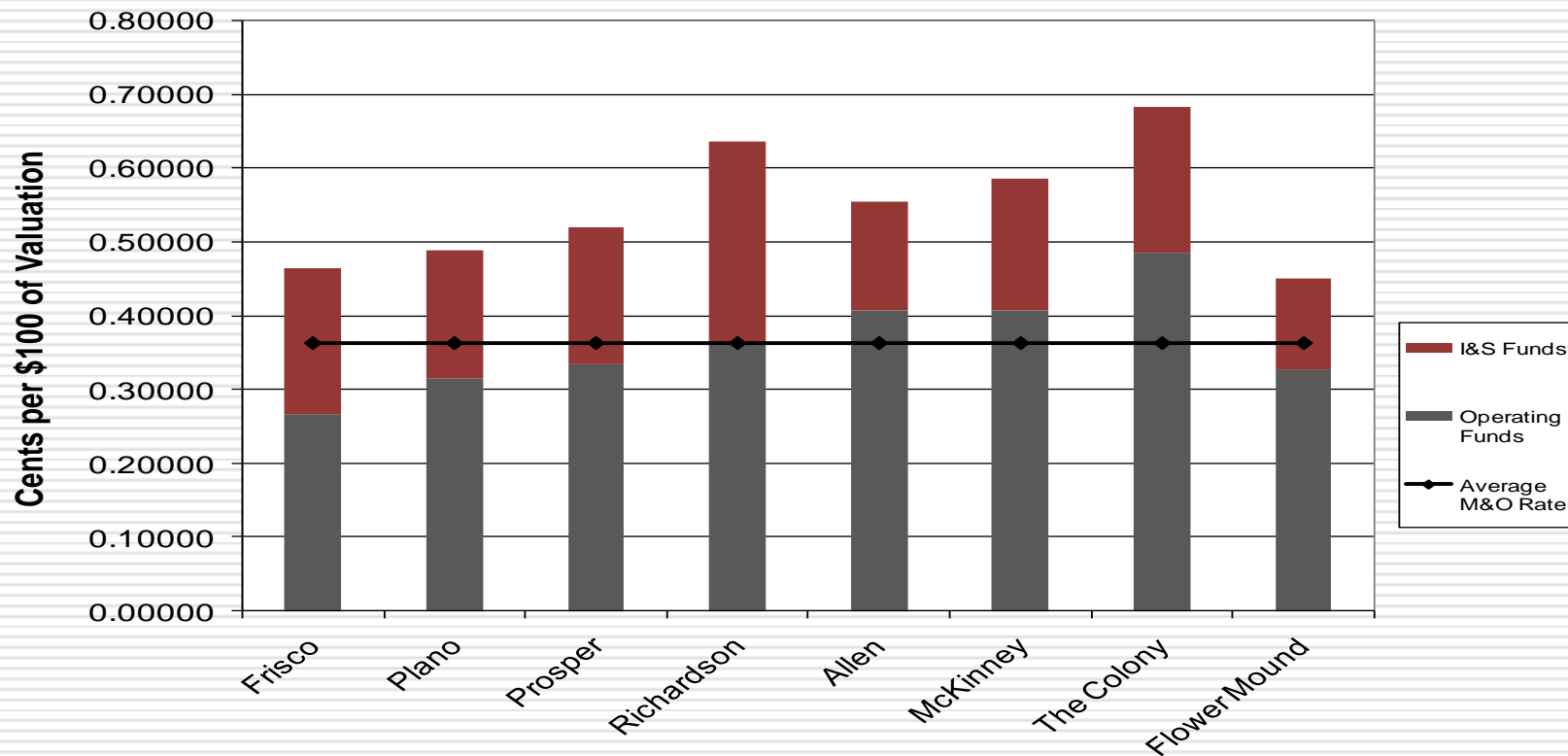
All rates are FY12 Proposed

*Grants homestead exemption

** Has a ½ % sales tax for property tax relief

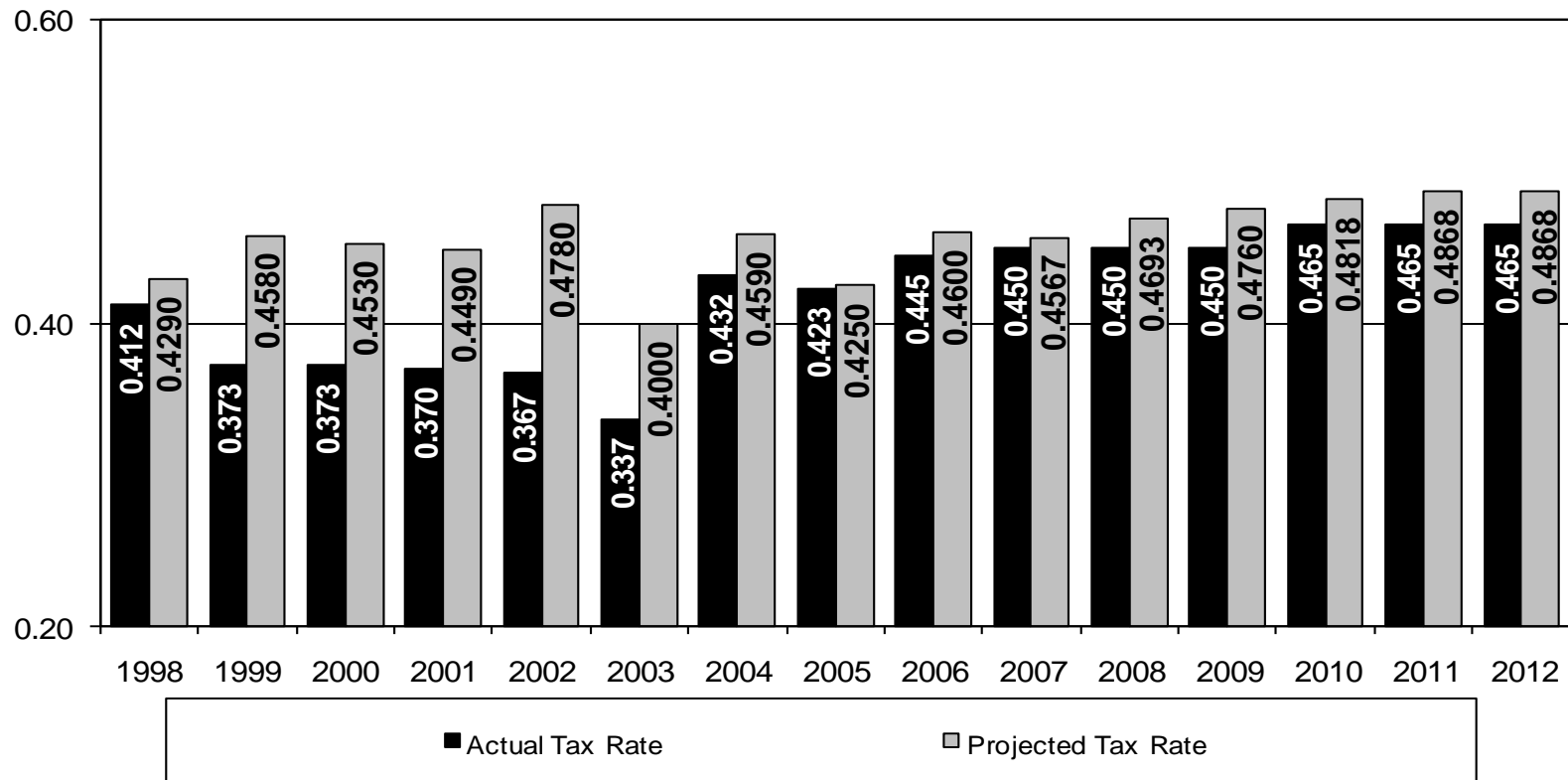
*** Has a ¾ % sales tax for property tax relief

Property Tax Rates for Selected Cities



Average M&O Rate .362857

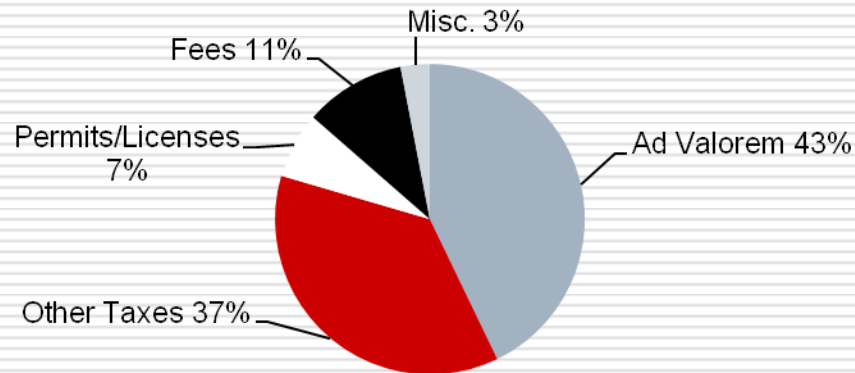
Projected & Actual Tax Rates



General Fund Revenues

Revenues	Actual FY08	Actual FY09	Actual FY10	Revised FY11	Proposed FY12
Ad Valorem	28,266,770	31,351,386	34,359,608	34,655,418	35,907,855
Other Taxes	27,116,402	26,151,683	27,455,187	29,207,523	30,752,047
Permits/Licenses	6,397,0745	3,979,670	5,136,993	5,763,280	5,763,280
Fees	7,672,395	8,699,189	8,174,361	8,604,733	8,844,531
Miscellaneous Revenue	3,057,362	2,677,827	2,491,278	2,930,171	2,557,084
Total	72,510,004	72,859,755	77,617,427	81,161,125	83,824,797

**General Fund Revenue by Source
Fiscal Year 2012**

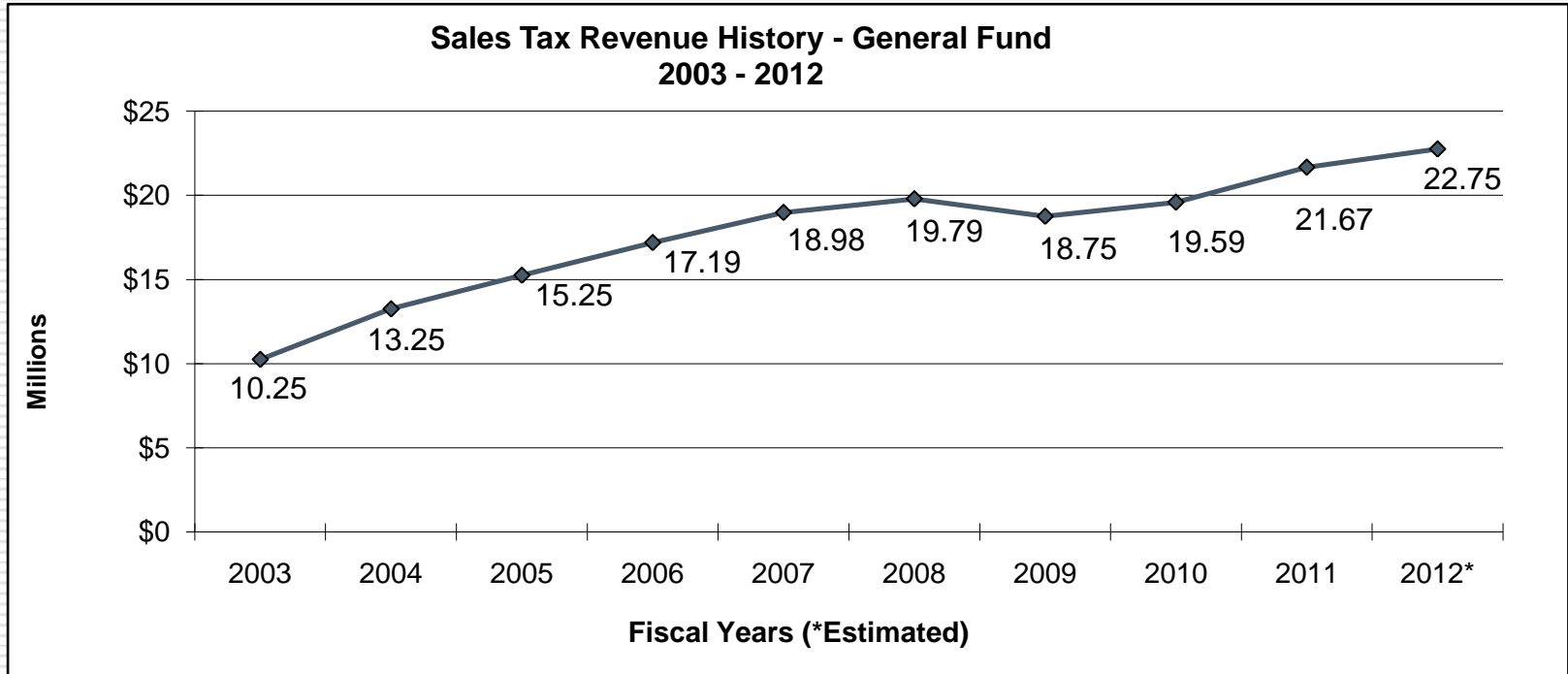


General Fund Projections

- ❑ Property tax revenue increase due to increase in value and ½ cent increase in M&O rate (about \$1.7 million total).
 - ❑ Sales tax increase of \$1.1 million.
 - ❑ Slight increases in Franchise Taxes.
 - ❑ Increase in Fines with the addition of another warrant officer.
 - ❑ Various other increases and decreases.
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General Fund Revenues

Sales Taxes



- ❑ Sales Tax Revenue projected to increase 5% to \$22.7 million.
- ❑ Revised FY 2011 projection is \$21.7 million.
- ❑ Year-to-date sales tax revenues are currently 7.7% more than those of the previous year.

General Fund Revenues

Taxes, Permits, and Fees

- ❑ The Sales Tax Revenue and Franchise Tax Revenues represent 36.7% of total revenues.
 - ❑ Electric Franchise is projected to increase due to higher fuel costs.
 - ❑ Revised FY11 Building Permit Revenues estimated at \$5,000,000.
 - ❑ FY12 Building Permit Fees are projected at \$5,000,000.
 - ❑ Current assumption is that single family permits will remain between 1,200 and 1,500 annually.
 - ❑ Development Services is recommending some miscellaneous fee increases, but it should not generate a significant amount of revenue.
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General Fund Changes

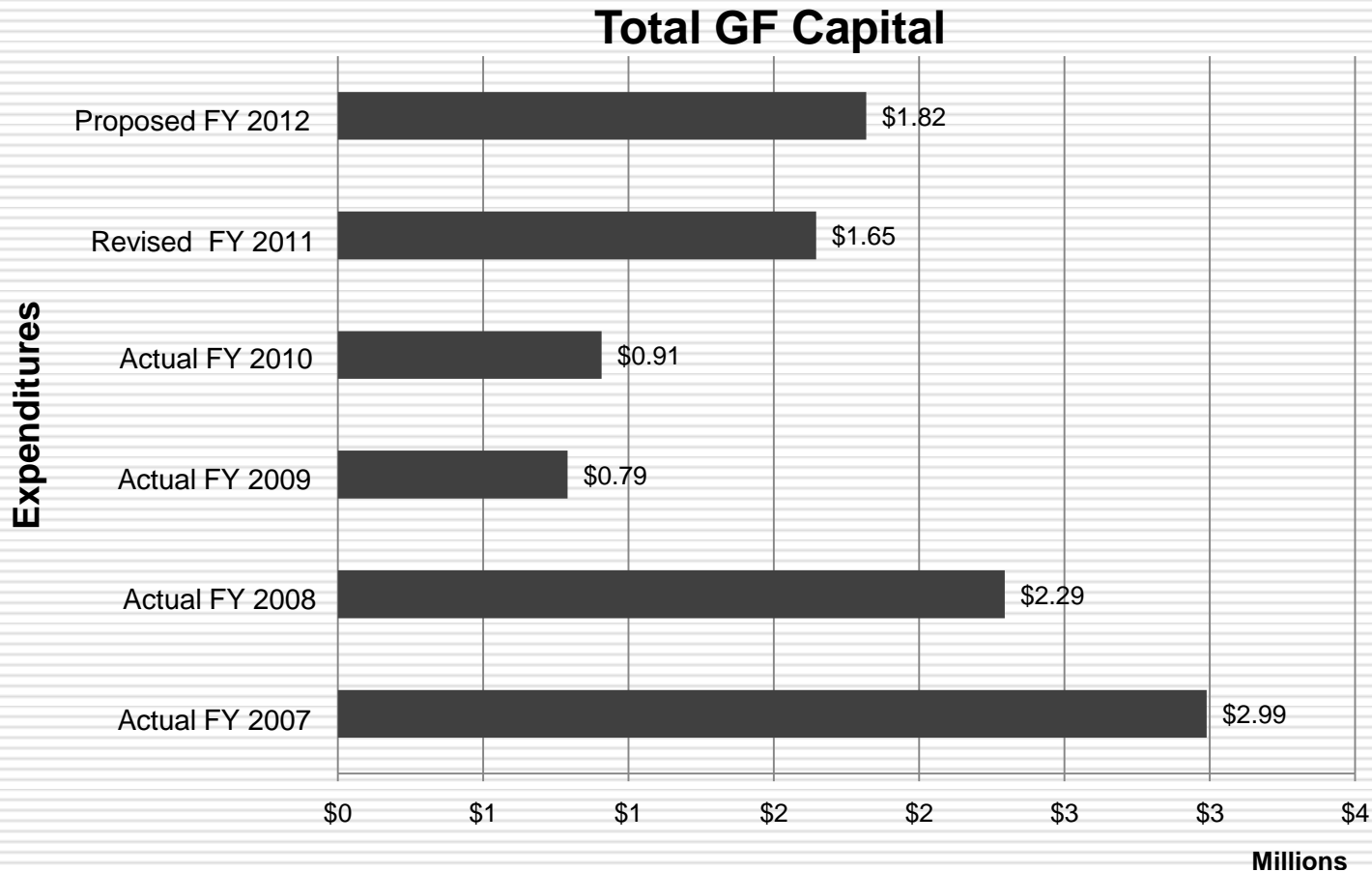
- ❑ There are 25.36 FTEs added in General Fund, while still maintaining 14 frozen positions.
 - ❑ New positions include 21 for Fire Station #7, a property and evidence specialist for police, a warrant officer for court, 2 IT manager positions and 3 PT water safety aides for a new program (generates revenue). Total cost of new personnel is \$1.3 million.
 - ❑ Current vacant positions remain frozen (14 full time positions and 3 part time, approximately \$760,000 in General Fund).
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Compensation Adjustments

- ❑ Funding for up to a 3% merit-based lump sum increase for all city employees or one 3% step for police and fire personnel that are within their range, is included in FY 12 projections.
 - ❑ There is no funding in FY12 projections for market adjustments.
 - ❑ A market survey was done and indicates that only a few positions might need adjustments.
 - ❑ An additional \$600,000 has been added to medical insurance cost for FY12 (based on consultant estimate).
 - ❑ Additionally, we are recommending a \$500,000 transfer from the insurance reserve for revised FY11 to cover expected claims.
 - ❑ We recommend that the full TMRS rate of 12.95% be used next year (total increase for TMRS is \$790,000).
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General Fund

Capital Expenditures and Transfers



Capital Expenditures

- We continue to evaluate capital purchases. FY12 appropriation is increasing, however we are still delaying replacement of some larger pieces of equipment and replacing engines in squad cars.

	Replacement	New
FY 2008	\$1,479,292	\$1,509,850
FY 2009	559,433	342,600
FY 2010	479,310	334,326
FY 2011	1,210,438	256,845
FY 2012	1,457,146	338,000

Strategic Focus Areas

Long-Term Financial Health

- ☐ Tax Rate remains competitive and below the level projected at the time of the Bond election
 - ☐ Fund Balance in General Fund maintained at 25.7%, or 28.6% excluding the 3% contingency
 - ☐ Increase in funding for annual capital needs are provided for in FY12
 - ☐ Transfer \$215,000 to the Capital Reserve Fund in FY11 and FY12 for FAC depreciation
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Strategic Focus Areas

Infrastructure

- ❑ Completion of Custer Road/FM 2478 and Preston Road/SH 289
 - ❑ Construction on FM 3537 to start after utility relocations – construction expected to begin Spring 2012
 - ❑ Continued expansion of Eldorado/FM 2934 – design approximately 60% complete, construction to begin in 2012
 - ❑ Continued expansion of Coit – design at 60%, construction to begin in 2012
 - ❑ Continued implementation of 5-year hike and bike trail
 - ❑ Expand reuse water system
 - ❑ Implement wayfinding plan
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Strategic Focus Areas

Public Health & Safety

- ☐ Opening of Fire Station #7 and the addition of 18 firefighters/paramedics and 3 captains
 - ☐ Reduction in Police SRO positions (5) due to FISD reduction in funding; those 5 positions moved to other divisions
 - ☐ Teen Court Program continues
 - ☐ \$17,500 funding for replacing the second 1/3 of the pagers in the school zone flashers
 - ☐ \$285,180 for replacing and upgrading defibrillators in the Fire Department
 - ☐ Continue to expand the Environmental Collection Center and equip new Hazmat Storage Containers
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Strategic Focus Areas

Sustainable City

- ❑ Continued funding - \$1 per capita for social service organizations (\$120,000)
 - ❑ Funding of Downtown Coordination activities – provided from lease revenue from the City buildings downtown. Recommendation of a part time position to assist in applying for the State Main Street Program
 - ❑ Funding of Stormwater Management program; additional 4-man crew added in FY12
 - ❑ Funding of Convention and Visitor Bureau initiatives; a part time administrative assistant being recommended
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Strategic Focus Areas

Excellence in City Government

- ❑ Continuation of the merit pay system – approximately \$1.4 million proposed for a 3% step increase for police and fire that are currently within their range and a 3% one time lump sum adjustment for all other employees
 - ❑ Continued funding of consultant for analysis of the self-insurance plans for City Employee Health Insurance
 - ❑ Implementation of an additional insurance plan for employees at a reduced cost
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Strategic Focus Areas

Leisure & Culture

- ❑ Operation of FAC without General Fund subsidy
 - ❑ Continued work on Grand Park development planning
 - ❑ Continued funding for Frisco Association of the Arts – (\$75,000, from the CVB budget)
 - ❑ Continued funding for Frisco Association of the Arts operation of the Frisco Discovery Center – (\$70,000 from CDC)
 - ❑ Continued funding of Library collection additions – (\$400,000)
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Strategic Focus Areas

Civic Involvement

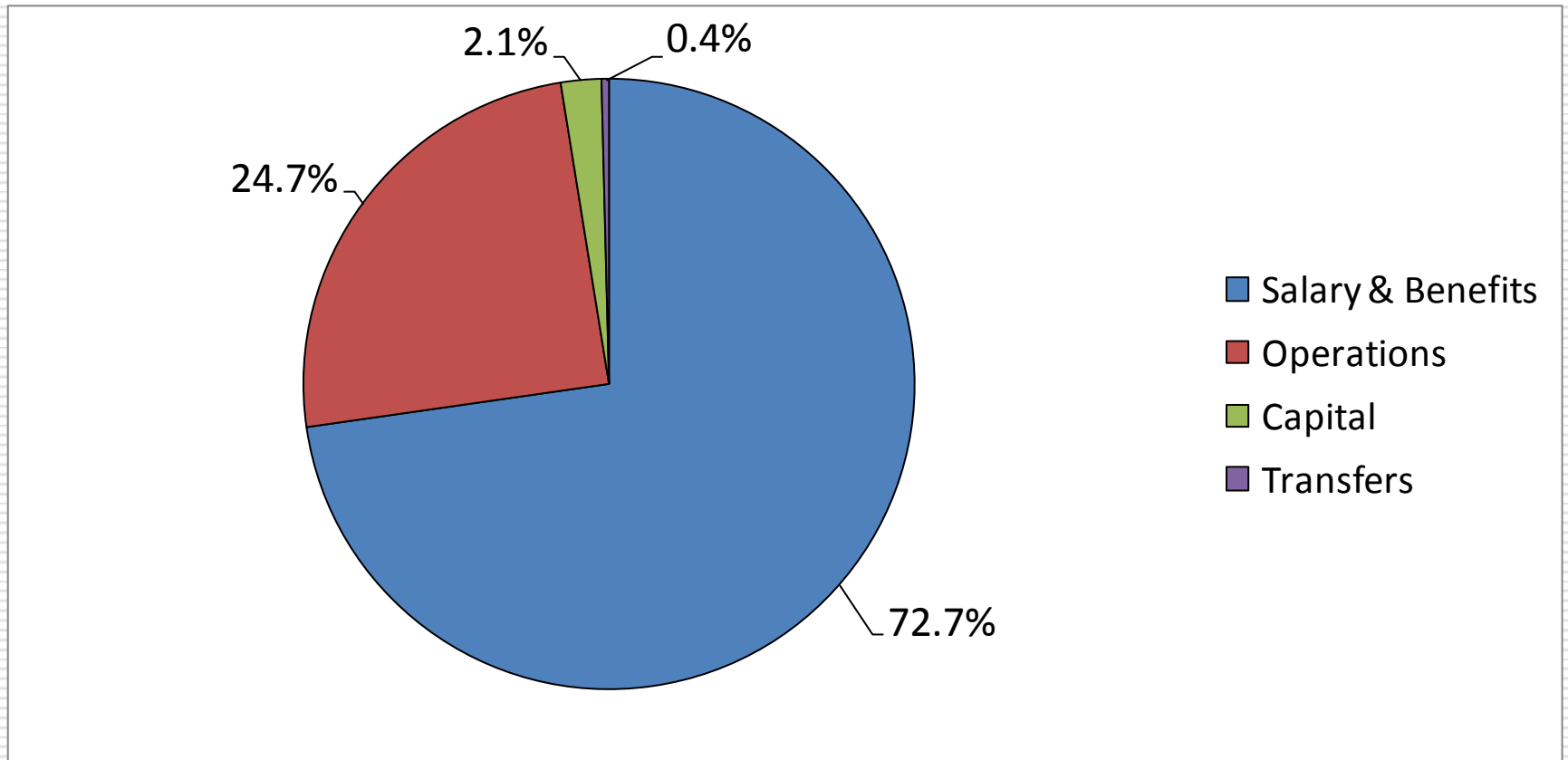
- ☐ Funding for recognition of city volunteers and board members
 - ☐ Continued support for City's Police Academy, Fire Academy and Community Emergency Response Team (CERT)
 - ☐ Continued funding of Teen Court, Library Teen Advisory Board, and Mayor's Youth Council activities
 - ☐ Continuation of City Hall 101 program
 - ☐ Use of volunteers for staffing tours at Heritage Center and Heritage Museum
 - ☐ Providing additional voter information prior to May election.
-

General Fund Expenditures

FY11 Operational Expenditures (Revised)	\$80,101,998
FY12 Operational Expenditures (Proposed)	\$83,786,540
Proposed Change in Operational Expenditures (including capital)	\$3,684,542

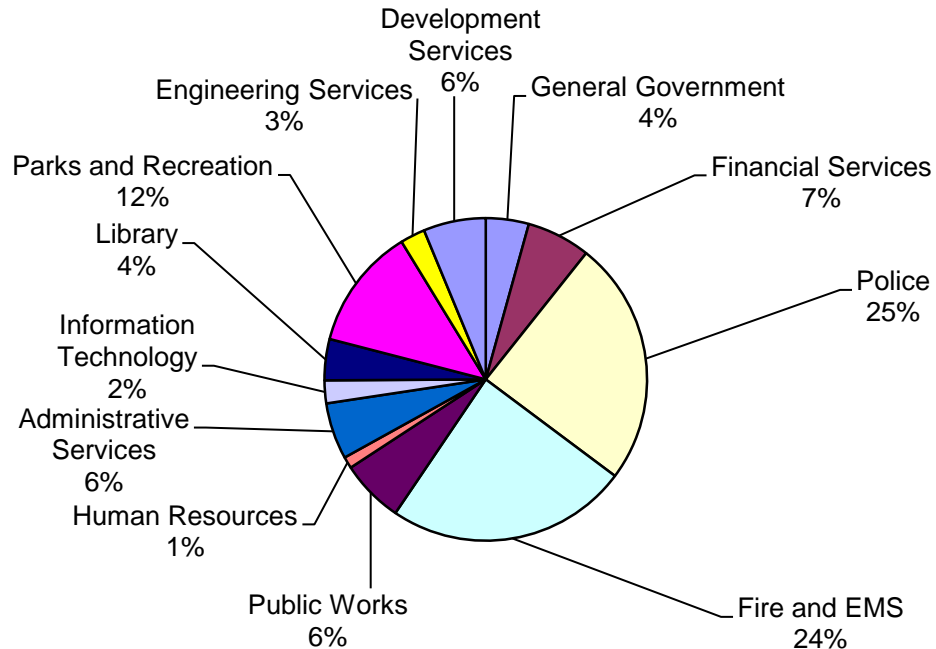
*Increase is 4.6% from FY 11 to FY 12.

General Fund Expenditures FY12



General Fund Expenditures

**General Fund Expenditures
by Department as Percent of Total**



Enterprise Funds

- ☐ Utility Fund
- ☐ Environmental Services Fund
- ☐ Stormwater Fund

Utility Fund Revenues

Revenues	Actual FY08	Actual FY09	Actual FY10	Revised FY11	Proposed FY12
Water	23,738,902	25,860,878	29,131,169	33,710,295	34,721,604
Sewer	9,709,015	11,491,839	13,342,708	14,729,420	15,171,302
Engineering Services	518,195	270,021	342,956	433,000	445,990
Other Revenue	2,285,428	1,986,015	7,174,758	2,338,003	2,496,000
Grand Total	36,251,540	39,608,753	49,991,591	51,210,718	52,834,896

- ☐ Consultant is currently finalizing the utility rate model; we are still looking at the comparisons to surrounding cities before making a final recommendation on rate adjustments for FY12.
- ☐ Revenues for FY11 are running ahead of last year, not only due to the rate increase but because we are selling more water this year.
- ☐ Other Revenue includes a transfer in from the Utility Impact Fee Fund for debt service payments of \$2,000,000.
- ☐ Construction Inspection fees are showing some signs of improvement this year and we are proposing the same for next year.
- ☐ We anticipate that we exceeded our minimum take or pay in July.

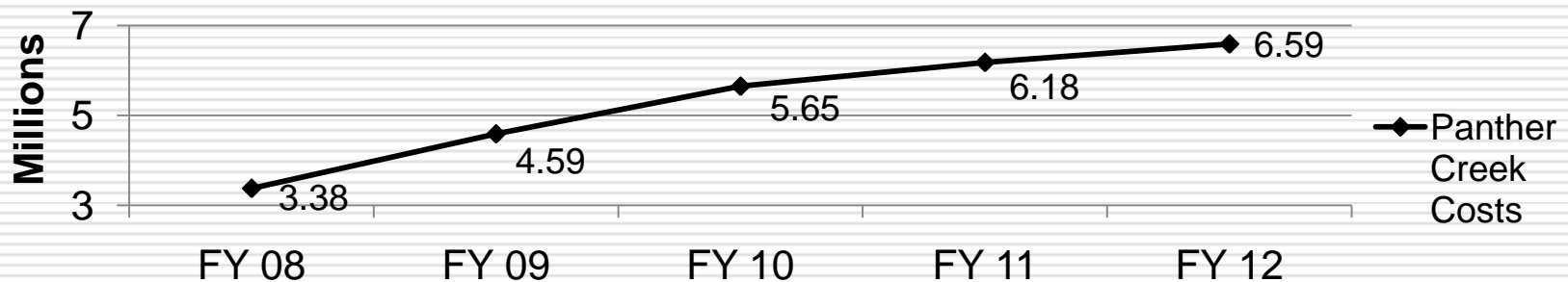
Utility Fund Expenses

FY11 Operational Expenses (Revised)	\$45,314,106
FY12 Operational Expenses (Proposed)	\$50,105,347
Proposed Change in Operational Expenses	\$ 4,791,241

*Increase is 10.57% from FY 11 to FY 12.

Utility Fund

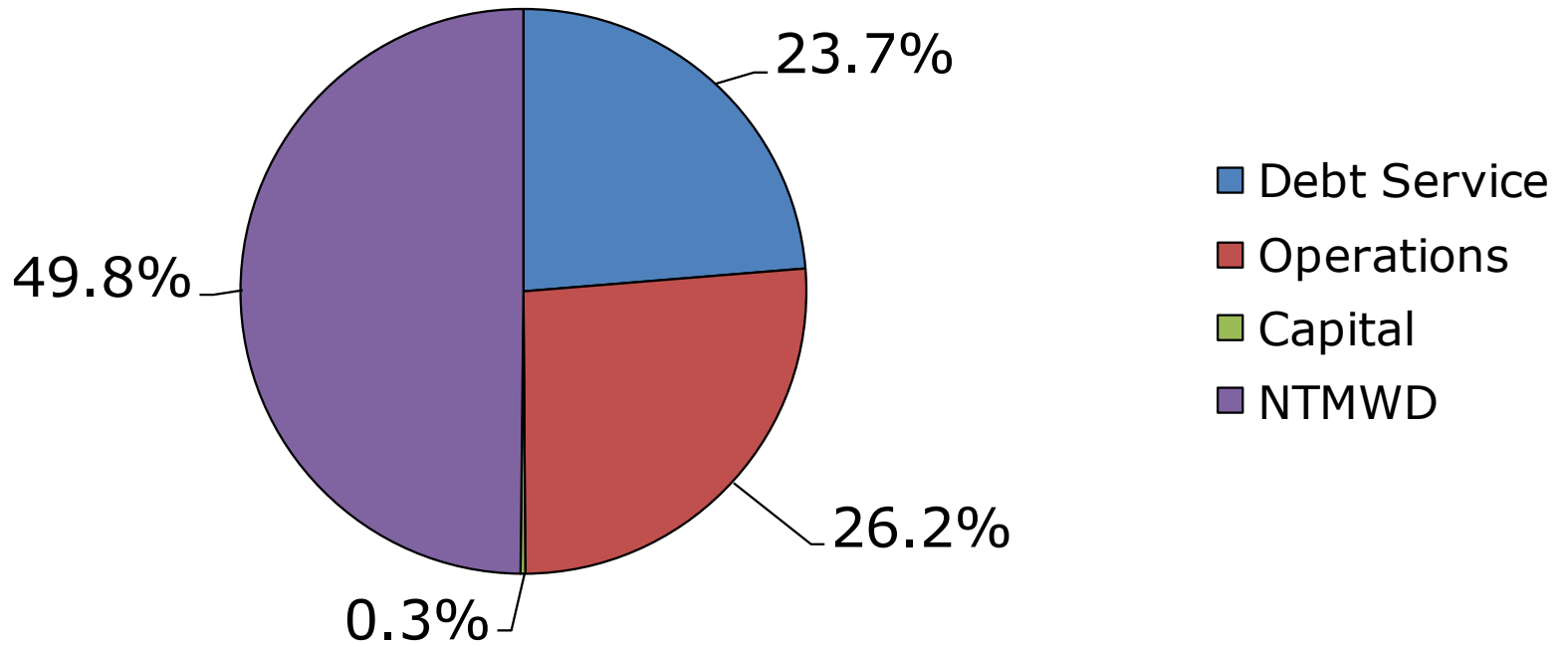
- ❑ Currently holding 13.25 frozen positions – approximately \$663,000.
- ❑ Continue capital replacement - \$135,350.
- ❑ Cost of water from NTMWD is going from \$1.38 to \$1.49 per 1,000 gallons.
- ❑ Increase in Panther Creek Wastewater Treatment Plant operations (they provided us a one-time reduction in FY11 of \$3 million by applying the balance of the construction funds to the debt service).



Utility Fund

- ❑ The rate model is not finalized; we are still looking at alternate structures.
 - ❑ It is anticipated there will be about a 5% – 7% increase.
 - ❑ We think this will add approximately \$4.50 – \$5.00 to the total bill of an average customer.
 - ❑ We will see some improvement in our working capital reserves in FY 2011 and with the proposed rate increase for FY 2012 we should continue to see this improve.
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Utility Fund Expenses FY12



Environmental Services Fund Revenues

Revenues	Actual FY09	Actual FY10	Revised FY11	Proposed FY12
Environmental Services	9,109,124	9,110,851	9,429,270	10,094,681
Other Revenue	9,020	88,227	189,550	1,000
Grand Total	9,118,144	9,199,078	9,618,820	10,095,681

- ❑ The fund is still performing well, with revenues exceeding expenditures but we are anticipating contract increases due to CPI and fuel cost.
 - ❑ We anticipate having to increase the fuel charge based on the average fuel cost over the past six months.
 - ❑ We are proposing to increase the commercial rates approximately 10% due to the fuel increase and the anticipated CPI increase.
 - ❑ We have been absorbing all of the cost in our residential rate and are recommending a 50 cent increase.
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Environmental Services Fund Expenses

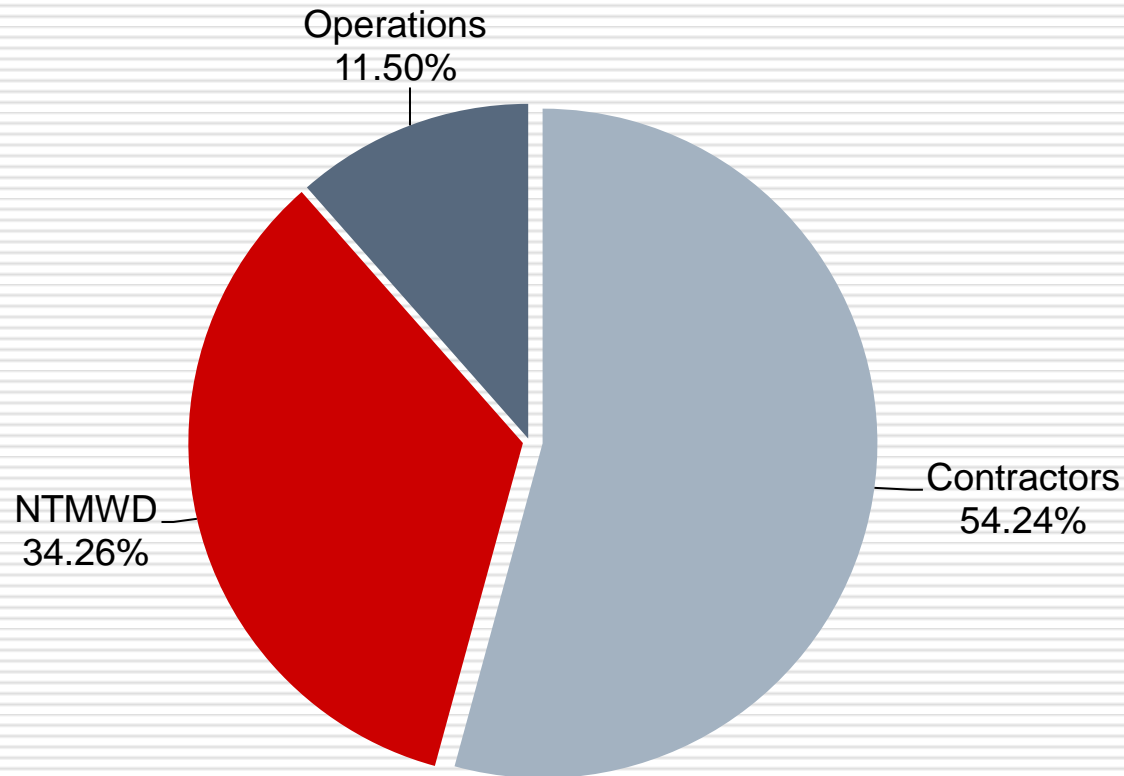
FY11 Operational Expenses (Revised)	\$9,001,822
FY12 Operational Expenses (Proposed)	\$9,479,922
Proposed Change in Operational Expenses	\$ 478,100

*Increase is 5.3% from FY 11 to FY 12.

Environmental Services Fund Expenses

- ❑ Expenses increase due to:
 - Overall cost for landfill expense
 - Contract cost increases (i.e. population growth, fuel cost)
 - Resident direct cost of service increasing from \$10.37 per month to estimated \$11.01 per month.
-

Environmental Services Fund Expenses by Category



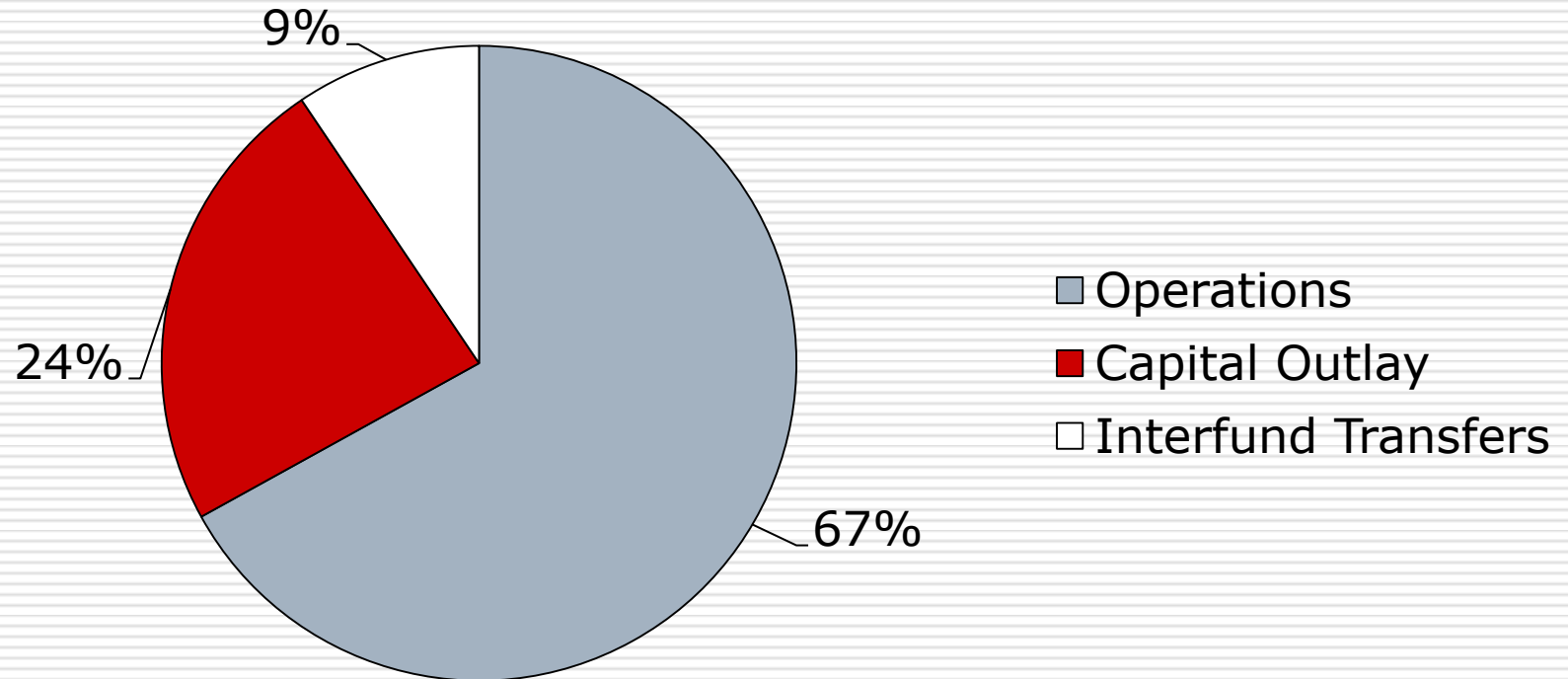
Stormwater Revenue & Expenses

	Actual FY10	Revised FY11	Proposed FY12
Revenues	1,364,817	1,261,000	1,617,000
Expenses	681,772	1,601,645	1,535,748

- ❑ Revenue stream is consistent with projections; the plan projected a rate increase in the third year to add additional staffing.
 - ❑ We are still looking at the rates and the comparison information for our surrounding cities; the rate sheet that we have provided for you shows the rate increase projected when we adopted the plan.
 - ❑ The plan projected hiring two full crews in FY2012.
 - ❑ We are behind our original timeline for some of the tasks; however we anticipate hiring one crew early in the year and evaluating the need to add the second crew next year.
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Stormwater Fund Expenses by Category

Stormwater Expenses



Other Funds

- ☐ Community Development Fund
- ☐ Economic Development Fund
- ☐ Hotel / Motel Fund

Community Development Fund Expenditures

FY11 Operational Expenditures (Revised)	\$29,107,784
FY12 Operational Expenditures (Proposed)	\$5,627,888
Anticipated FY 2012 Ending Fund Balance	\$11,398,602

Community Development Fund Expenditures

- ☐ FY 2011 appropriations include:
 - ☐ BF Phillips Phase II
 - ☐ Frisco Discovery Center construction
 - ☐ Dog Park
 - ☐ Improvements at the Fieldhouse
 - ☐ Parking at Warren
 - ☐ Land purchase at Warren and DNT
 - ☐ Commitment to the Railroad Museum, and
 - ☐ Debt service requirements.
 - ☐ FY 2012 appropriations fund:
 - ☐ Debt service requirements, and
 - ☐ Beginning discussion on the 3rd Community Park.
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Economic Development Fund Expenditures

FY11 Operational Expenditures (Revised)	\$12,533,145
FY12 Operational Expenditures (Proposed)	\$10,501,949
Anticipated FY 2012 Ending Fund Balance	\$17,641,302

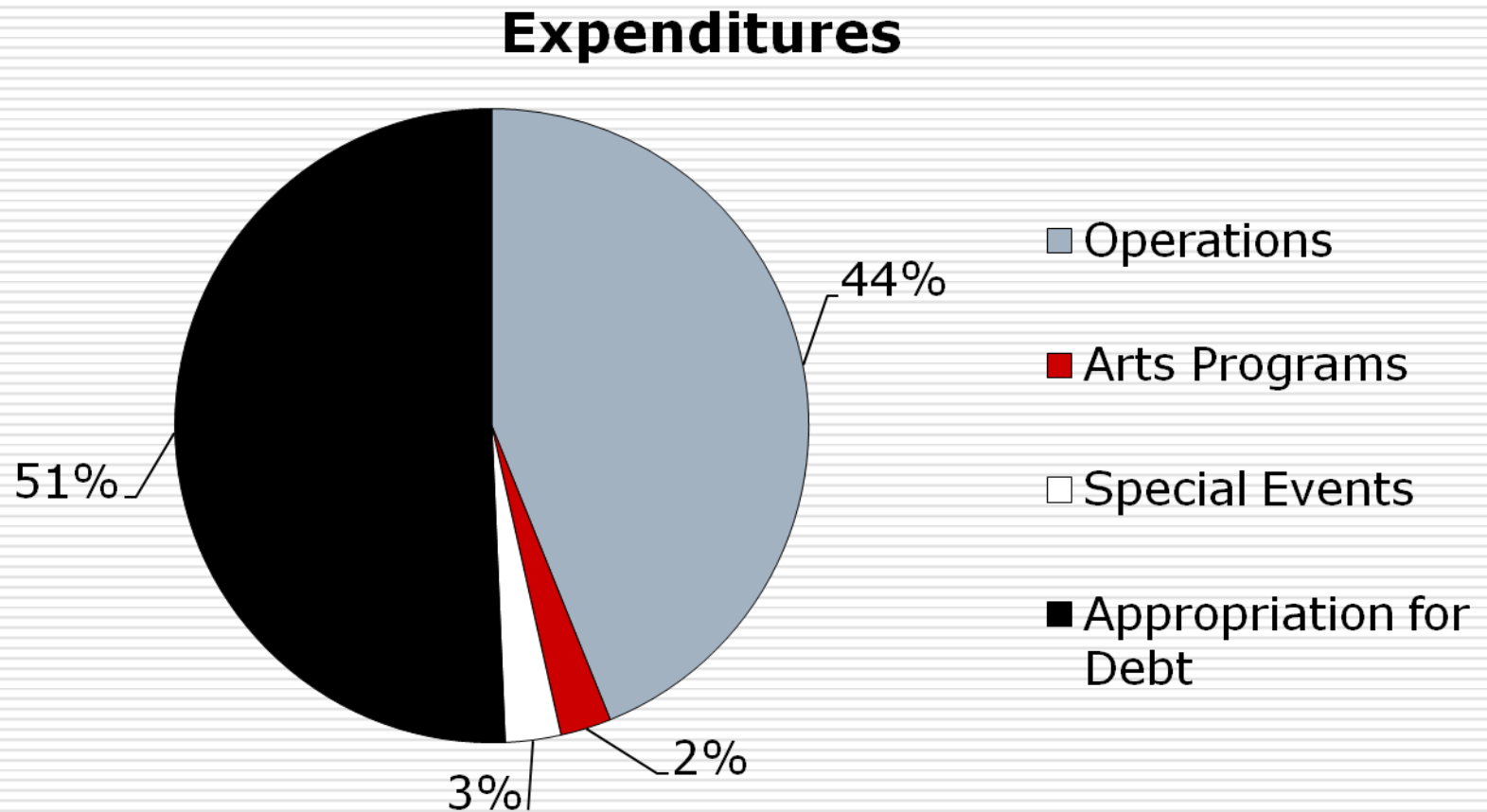
Economic Development Fund Expenditures

- FY 2011 appropriations fund approximately:
 - \$1.9 million in operations,
 - \$6.4 million in incentive agreements,
 - and \$3.6 million in debt service requirements.
 - FY 2012 appropriations continue approximately:
 - \$1.9 million in operations,
 - \$5.1 for incentive agreements,
 - \$2.7 in debt service requirements,
 - An additional \$810,000 for finish out of construction to the NTEC building.
-

Hotel / Motel Fund Expenditures

FY11 Operational Expenditures (Revised)	\$2,953,596
FY12 Operational Expenditures (Proposed)	\$2,894,589
Anticipated FY 2012 Ending Fund Balance	\$340,813

Hotel / Motel Fund Expenditures



Rates

- ❑ Water rate – pass through of the increase from NTMWD on the volume change = \$0.12
 - ❑ Sewer rate – combination of an increase in the minimum base charge and an increase in the volume change
 - ❑ Residential increase of \$0.50 per month and approximately 10% increase to commercial rates
 - ❑ Stormwater – increase in both the residential and commercial amounts.
 - ❑ Development Services – has recommended increases on a few of their fees, but it will not produce significant revenue increases.
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City Council Public Hearing

Regarding the FY2012 Proposed Budget

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Council Chambers
